



October 1, 2003

To the Honorable Board of Seminole County Commissioners and the Citizens of Seminole County, Florida:

I am pleased to present to you the budgets for the next two fiscal years, Fiscal Year 2003/04 of \$545,776,787 and Fiscal Year 2004/05 of \$476,993.854.

The budget development process for FY 2003/04 and FY 2004/05 was extremely challenging this year due, in part, to substantial increases in countywide charges for workers' compensation, health insurance, and property/liability insurance. However, I am pleased that the budget supports the needs of our growing citizenry.

As stated in my Budget message of July 7, 2003, the budget continues to place top priorities on Transportation and Public Safety activities such as fire and law enforcement. The One-cent Sales Tax program, the Trails construction program, and the Natural Lands program are also of prime importance. Below are highlights of the changes included in the adopted budget:

Revenues:

- The Ad Valorem tax base increased 6.9% over last year's level. Funds that rely on property taxes have been modified accordingly.
- Fund balance adjustments have been made to all funds to reflect current estimates of year-end balances.
- Sales tax revenues are relatively flat due to the potential impact of Article V legislation. A preliminary analysis of the fiscal impact in implementation estimates the initial cost to the County to be approximately 2.7M in FY 2004/05 and approximately \$1M in future years. It is estimated that normal growth for sales tax revenues will resume after this biennial cycle.

Expenditures:

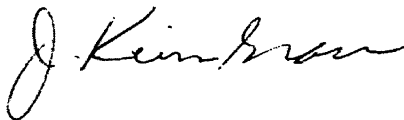
- \$750,000 was added to the Sheriff's Office budget to fund required staffing levels at the new Criminal Justice Facility.
- Six Code Enforcement positions were transferred to the Sheriff's Office.
- Health Insurance costs increased 18%.

- Workers' Compensation costs increased 42%.
- Property and liability insurance increased 39%.
- Reserves in our General Fund were budgeted at a 3% level.
- FY 2003/04 and FY 2004/05 include increases of 11 net positions under the Board of County Commissioners in the first year and 11 positions in year two.

While this budget continues the numerous programs and activities that have made Seminole County successful, there are continued challenges that remain unresolved. These include such things as funding the replacement of aging infrastructure in our neighborhoods, correction of numerous identified stormwater deficiencies, the need for expansion of the Lynx bus transit system, establishing a funding source for the Commuter Rail project, and funding for growing space and facility needs.

Recognizing these fiscal challenges and the reality of today's economic environment, I strongly believe in the ability of citizens, the Board of County Commissioners and County staff to work together to achieve our common vision of Seminole County to be the "Premier County Government in Florida, Recognized for Service Exceeding Expectations." I am fully confident that we will be able to meet and successfully overcome the challenges we face. It continues to be a pleasure to serve as the manager of this premier organization in this dynamic community.

Respectfully,

A handwritten signature in black ink, appearing to read "J. Kevin Grace". The signature is fluid and cursive, with the first name "J." being a large, stylized letter.

J. Kevin Grace
County Manager